GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA

UNSTARRED QUESTION NO:4261
ANSWERED ON:21.12.2005
MANUFACTURE OF INDIGENOUS TELECOM EQUIPMENT
Barad Shri Jashubhai Dhanabhai

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether in spite of rapid growth in telecommunications, the telecom equipment manufacturing industry has not been provided proper encouragement;

(b) if so, whether the Government has taken or proposes to take any steps to encourage indigenous telecom manufacturing units in the country; and

(c) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD)

(a) to (c) No, Sir. The Government has encouraged telecom equipment manufacturing industry. Some of the important steps taken for encouraging this sector are given below:-

(i) No industrial license is required.
(ii) 100% foreign direct investment is permitted through automatic route.
(iii) Dividend income and the capital invested are fully repatriable.
(iv) Technical know-how fee of upto US $2 million, royalties upto 5% on domestic sales and 8% on export sales have also been permitted through automatic route.
(v) Issue of Form-C under Central Sales Tax Act is allowed- applicable rate of sales tax on procurement of equipment is uniform at the rate of 4%.
(vi) Electronics Hardware Technology Parks (EHTP) scheme has been modified to allow 100% sale in the Domestic Tariff Area (DTA) for the purpose of meeting export obligations.
(vii) All inputs required for the manufacture of telecom equipment, covered under Information Technology Agreement (ITA) under World Trade Organization (WTO), have been exempted from customs duty. Further, an additional duty of 4 per cent has been imposed on import of these equipments for neutralizing the impact of Sales Tax.